



Committee On Finance

Max Baucus, Chairman

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FACT SHEET BAUCUS-GRASSLEY TRADE PROMOTION AUTHORITY LEGISLATION

The Baucus-Grassley fast track legislation contains a number of important negotiating objectives that have already been agreed to in the House and have the broad support of the American people. This trade legislation, for the first time, requires labor and environment issues to be given the same consideration as other negotiating objectives; it contains strong protections for U.S. trade laws; and it requires increased consultations with Congress. Importantly, this legislation fully reflects the standard set by the U.S.-Jordan Free Trade Agreement. Key objectives of the bill include:

- Reducing barriers to trade in sectors such as goods, services, foreign investment and e-commerce.
- Improving anticorruption measures, foreign regulatory practices and transparency.
- Reducing barriers to U.S. agricultural trade. This includes reducing tariffs and foreign subsidies; eliminating unjustified sanitary and phyto-sanitary restrictions; and reducing or eliminating practices that adversely affect trade in perishable or cyclical products.
- Improving adherence to international labor standards. This includes promoting respect for workers' rights and the rights of children; ensuring that countries do not weaken or reduce labor laws to increase trade; ensuring that countries adequately enforce the domestic labor standards; strengthening the capacity of our trading partners to promote respect for core labor standards; and conducting labor rights reviews of all U.S. trading partners.
- Promoting sustainable development. This includes working to make sure that trade and environmental policies are mutually supportive; ensuring that countries do not weaken or reduce their environmental laws; strengthening the capacity of our trading partners to protect the environment; promoting consideration of multilateral environmental agreements; and seeking market access for U.S. environmental technologies.

- Improving procedures for settling investor-state disputes. The legislation includes the following objectives: (1) ensure that U.S. investors in the U.S. are not accorded lesser rights than foreign investors in the U.S.; (2) seek to establish standards for "fair and equitable treatment" consistent with U.S. legal principles and practice; (3) seek mechanisms to deter and eliminate frivolous claims; (4) seek to enhance opportunities for public input into the formulation of government positions in investor-state dispute settlement; and (5) provide for appellate review of these disputes.

- Protecting U.S. trade remedy laws. This legislation requires the President to preserve the ability of the U.S. to rigorously enforce its trade laws. The U.S. will also seek to address and remedy market distortions, such as overcapacity, that lead to dumping and subsidization, and seek improved adherence by WTO panels to the standards of review contained in the WTO agreements. Finally, the President must notify the Finance and Ways & Means Committees of any proposed changes to U.S. trade laws. Following a report by these Committees, the President must separately explain how proposed changes are consistent with the negotiating objectives established in the fast track legislation.

- Improving opportunities for small business. This legislation includes objectives that strive to ensure that trade agreements afford small businesses equal access to international markets, equitable trade benefits, and expanded export opportunities, and provide for the elimination of barriers that affect small businesses disproportionately.

TRADE ADJUSTMENT ASSISTANCE: Improving and Expanding the Current Program. This trade legislation will triple the existing TAA program - and set important new precedents regarding coverage of displaced workers and health care assistance for the unemployed.

- Provides Assistance with Health Insurance. Displaced workers will, for the first time, receive assistance in purchasing qualified group health coverage. Workers will be eligible for a 70 percent advanceable, refundable tax credit that can be used to pay for COBRA or for the purchase of certain state-based group coverage options. In addition, the legislation provides for a 2-year bridge program through the National Emergency Grant program (retroactive to April 1).

- Expands Coverage of Secondary Workers. Covers secondary workers regardless of which country we are trading with. This means new benefits for tens of thousands of displaced workers.

- Provides Wage Insurance for Older Workers. New pilot program for wage insurance.

- New Benefits for Farmers and Fishermen. New TAA program for family farmers, ranchers and independent fisherman.

- Expands Training Budget. Nearly triples the existing training budget to \$300 million.

- Extends Income Benefits by 6 Months. Harmonizes income maintenance and training time.
- Helps Communities Adjust. Establishes a program to help communities develop strategic plans following job losses, and provides technical assistance, loans, and grants.

GENERALIZED SYSTEM OF PREFERENCES: Extending the Existing Program and Updating Worker Rights Definition

- 5-year extension. This legislation extends preferential duty treatment goods from developing countries through the end of 2006.
- Retroactive. Makes this treatment retroactive to September 30, 2001, when the program last expired.
- Worker Rights. Updates the definition of "core worker rights" in GSP to bring it into synch with the ILO's 1998 definition of core worker rights. This is important, because in considering countries' eligibility for GSP benefits, the President must consider whether they are taking steps to protect core worker rights. With the updated definition, his evaluation will encompass countries' compliance with the ILO prohibition on the worst forms of child labor and the ILO prohibition on discrimination with respect to employment and occupation.